

## **Electricity Distribution Business Price-Quality Regulation from 1 April 2015**

**Information Request Workbook v2.1**

**Issue date 13 August 2014**

**Return by 24 September 2014**



Company Name

Horizon Energy Distribution Limited

Return Date

24 September 2014

# Table of Contents

Schedule	Description
A	<a href="#">Breakdown of revenue components</a>
B	<a href="#">Capital contributions</a>
C	<a href="#">Acquisition of assets from Transpower</a>
D	<a href="#">Quality data for assets acquired from Transpower</a>

## Instructions for completing this workbook

1. Cells with a shaded background in the cover sheet and Schedules A, B and C must be populated.
2. The data specified in Schedule D should be provided as a separate workbook or worksheets.
3. Cells without a shaded background have been locked against data entry.
4. The completed return must be provided to the Commission by 24 September 2014.
5. Guidance specific to each schedule is provided at the bottom of the schedule.

## A. Information relating to the breakdown of revenue components

All financial values in \$000

Company Name	Horizon Energy Distribution Limited
Return Date	24 September 2014

### A1. Breakdown of revenue components in 2012

	Year ending 31 March 2012				
	Line charge revenue <sup>1</sup>	Transmission charges <sup>2</sup>	Energy usage <sup>3</sup>	Annual average number of ICPs <sup>4</sup>	Fixed Charges <sup>5</sup>
Residential users <sup>6</sup>	12,545	2,853	121,147	19,085	2,312
Commercial users <sup>6</sup>	12,175	2,837	121,242	5,539	6,005
Industrial users <sup>6</sup>	4,284	3,038	291,921	12	4,284
Total	29,004	8,728	534,311	24,636	12,601

### A2. Breakdown of revenue components in 2013

	Year ending 31 March 2013				
	Line charge revenue <sup>1</sup>	Transmission charges <sup>2</sup>	Energy usage <sup>3</sup>	Annual average number of ICPs <sup>4</sup>	Fixed Charges <sup>5</sup>
Residential users <sup>6</sup>	12,791	2,546	120,483	19,508	3,130
Commercial users <sup>6</sup>	12,627	2,853	123,433	5,215	6,239
Industrial users <sup>6</sup>	4,708	3,457	280,862	12	4,708
Total	30,126	8,856	524,779	24,734	14,077

### A3. Breakdown of revenue components in 2014

	Year ending 31 March 2014				
	Line charge revenue <sup>1</sup>	Transmission charges <sup>2</sup>	Energy usage <sup>3</sup>	Annual average number of ICPs <sup>4</sup>	Fixed Charges <sup>5</sup>
Residential users <sup>6</sup>	13,013	2,864	117,963	19,564	5,053
Commercial users <sup>6</sup>	12,143	2,731	124,323	5,156	6,922
Industrial users <sup>6</sup>	4,822	3,818	270,520	12	4,822
Total	29,977	9,412	512,806	24,732	16,796

#### A4. A1 Explanation of split between users

Please explain the basis on which the split between residential users, commercial users, and industrial users has been calculated.

Residential users are domestic consumers who generally have a 1 phase 60 Amps connection.  
Commercial users are not domestic consumers ranging from 1 phase 60 Amp to greater than 3 phase 150 Amps.  
Industrial users are non-standard consumers.

#### Guidance

<sup>1</sup> Line charge revenue as defined in clause 1.4.3 of the Information Disclosure Determination 2012.

<sup>2</sup> Transmission charges as defined in clause 1.4.3 of the Information Disclosure Determination 2012.

<sup>3</sup> Energy supplied at consumer meter in MWh.

<sup>4</sup> The annual average number of ICPs where ICP is defined in clause 1.4.3 of the Information Disclosure Determination 2012.

<sup>5</sup> Fixed charges are independent of demand or consumption patterns and might include asset related charges or connection charges for example (\$/ICP, daily, monthly or annual charges).

<sup>6</sup> Please note that while we have used 'residential user', 'commercial user', and 'industrial user' to describe the customer groups, we do not tightly define these groups to allow you to tailor the information request to your circumstances. We expect that:

(a) residential users are users on tariffs with low capacity and energy consumption;

(b) the commercial users group comprise a large range of user energy and capacity profiles and include businesses from small shops to large businesses in the service sector; and

(c) the industrial users comprises users on high energy/high capacity tariffs, including businesses in the primary sector of the economy, such as manufacturing and mining.

#### Explanatory Note

As indicated in paragraph C9.3 of "Low Cost Forecasting Approaching for Default Price-Quality Paths", 4 July 2014; we have requested disaggregated commercial and industrial user information in order to allow us to investigate the suitability of modelling commercial and industrial users, both combined and separately, with a larger dataset.

## B. Information relating to capital contributions

All financial values in \$000 constant 2013/14 prices

Company Name	Horizon Energy Distribution Limited
Return Date	24 September 2014

### B1 Sum of capital contributions

	Year ending					
	31 Mar 15	31 Mar 16	31 Mar 17	31 Mar 18	31 Mar 19	31 Mar 20
Sum of capital contributions <sup>1, 2</sup>	265	265	265	265	265	265

#### Guidance

1. Capital contributions are defined in section 1.1.4(2) of the Electricity Distribution Services Input Methodologies Determination 2012 [2012] NZCC 26, as money or the monetary value of other consideration to be charged to or received from consumers or other parties for the purposes of asset construction or enhancement.
2. Values provided must be in constant 2013/14 prices and be consistent with the data used to prepare Schedule 11 of the 31 March 2014 Asset Management Plan.

#### Explanatory Note

We require this data for the following reasons:

- The forecast for capital contributions in constant prices is not available in Schedule 11(a) for the year 2020 and we may require it to determine the default price-quality path capital expenditure allowance; and
- The forecast for capital contributions in constant prices for the years 2014-2019 is split by expenditure category, but for some disclosures the sum of these totals appears to be inconsistent with the disclosed forecasts for capital contributions in nominal prices.

Therefore to add clarity we are asking for distributors to submit the total capital contributions in constant prices.

These forecasts should be consistent with the previously disclosed forecasts in constant prices for 2014-2019 in the 31 March Asset Management Plan or reasons should be provided for why they have been updated.

## C. Information relating to the acquisition of assets from Transpower

All financial values in \$000 constant 2013/14 prices

Company Name  
Return Date

Horizon Energy Distribution Limited
24 September 2014

### C1. Acquisition 1<sup>1</sup>

Description of assets acquired from Transpower<sup>2</sup>

Value	Year ending										
	31 Mar 10	31 Mar 11	31 Mar 12	31 Mar 13	31 Mar 14	31 Mar 15	31 Mar 16	31 Mar 17	31 Mar 18	31 Mar 19	31 Mar 20
Date of purchase											
Purchase price (including value of any other consideration) of assets acquired from Transpower											
Actual/forecast RAB value at transfer <sup>4</sup>											
Capex directly associated with asset acquisition 1 <sup>3,5</sup>											
Opex directly associated with asset acquisition 1 <sup>3,5</sup>											
Explain any difference between the purchase price (including value of any other consideration) of asset acquisition 1 and the											
Explain any difference between these forecasts and those provided under the s53ZD request dated 23 May 2014 <sup>6</sup>											

### C2. Acquisition 2<sup>1</sup>

Description of assets acquired from Transpower<sup>2</sup>

Value	Year ending										
	31 Mar 10	31 Mar 11	31 Mar 12	31 Mar 13	31 Mar 14	31 Mar 15	31 Mar 16	31 Mar 17	31 Mar 18	31 Mar 19	31 Mar 20
Date of purchase											
Purchase price (including value of any other consideration) of assets acquired from Transpower											
Actual/forecast RAB value at transfer <sup>4</sup>											
Capex directly associated with asset acquisition 2 <sup>3,5</sup>											
Opex directly associated with asset acquisition 2 <sup>3,5</sup>											
Explain any difference between the purchase price (including value of any other consideration) of asset acquisition 2 and the											
Explain any difference between these forecasts and those provided under the s53ZD request dated 23 May 2014 <sup>6</sup>											

## Guidance

The data in this Schedule will provide information about the directly associated costs of transmission assets acquired, or to be acquired, from Transpower during the period 1 April 2009–31 March 2020.

<sup>1</sup> Please add as many acquisitions of assets/groups of assets as required.

<sup>2</sup> The description of transmission assets acquired from Transpower should identify assets acquired or forecast to be acquired during the period 1 April 2009 – 31 March 2020.

<sup>3</sup> 'Directly associated' refers to costs associated with the acquired assets rather than with assets previously owned by the supplier. Accordingly, directly associated costs will exclude costs associated with the indirect effects of the acquisition on the wider network (some of which may emerge over time and may include capex and opex reductions).

<sup>4</sup> The RAB value at transfer is the nominal allocated value at which the acquired asset was or is forecast to be entered into the distributor's RAB.

<sup>5</sup> It is only necessary to list assets or groups of assets acquired from Transpower that, during the period 1 April 2009–31 March 2020, led to or will lead to 'avoided transmission charges' being claimed by the distributor as a pass-through or recoverable cost.

<sup>6</sup> As with the s53ZD request dated 23 May 2014, the capex and opex forecasts provided should be consistent with the information disclosed in Schedule 11 of the distributor's 31 March 2014 Asset Management Plan.

In this Schedule, 'avoided transmission charges' means the following:

- For 2009/10, the offsetting movement (if any) in transmission charges described in paragraph 75 of Commerce Commission, Regulation of Electricity Lines Businesses Targeted Control Regime Threshold Decisions (Regulatory Period Beginning 2004), 1 April 2004;
- For 2012/13 and 2012/13, as defined in the Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010 (Commerce Commission decision 685, 30 November 2009); and
- For 2013/14, the component (if any) of recoverable costs claimed under clause 3.1.3(1)(e) of the Electricity Distribution Services Input Methodologies Determination 2012 [2012] NZCC26.

## Explanatory Note

We require further information on purchases from Transpower for the reasons outlined below.

- The March 2014 53ZD request did not require information on additional capital expenditure on assets transferred from Transpower, following purchase, for those transferred in the years 2010-2013. This data may be required for the default price-quality path capital expenditure forecasts and so we require forecast and incurred additional capital expenditure on all Transpower assets that have been transferred since 2010 that have led to avoided transmission charges.
- The March 2014 53ZD did not provide an option to split additional expenditure by asset in the event that two or more assets were, or are forecast to be, transferred from Transpower to the same distributor at different times. The current template provides for this.
- Three companies (Eastland, Network Tasman and Powerco) are forecasting assets to be purchased from Transpower in the year 2014/2015. From the Asset Management Plan (AMP) disclosures it is not clear whether this will be a single transaction for a group of assets or whether there is the possibility of separate transactions. If there is any potential for separate transactions for separate assets/groups of assets then the forecast expenditure should be split appropriately as defined by the distributor. The proposed recoverable cost described in the draft default price-quality path policy paper and draft determination (that would recover allowances for additional capital expenditure on forecast asset transfers from Transpower that do not take place) would, if adopted, recover the full allowance associated with the transaction if there is a discrepancy between the assets defined in the final determination and the actual assets that are transferred. Disaggregation of the transferred assets may help to mitigate this risk to distributors.

## D. Quality of supply information for assets acquired from Transpower

To assist us in setting the quality component of the price-path, please provide an Excel workbook containing the following quality of supply information:

1. Post-acquisition quality data for assets acquired from Transpower. Please provide audited datasets for each disclosure year from 2007–2014 for class B and C interruptions, and, if available, datasets for disclosure years 2005 - 2006. These datasets must include for each interruption:

- (i) Start date
- (ii) Customers interrupted
- (iii) Customer minutes
- (iv) Planned or unplanned (Class B or C)
- (v) The SAIDI and SAIFI values for the interruption
- (vi) Cause
- (vii) Name of asset
- (viii) Whether the interruption is recorded in the response to the s53ZD data request dated 12 March 2012 (Yes/No)

2. Pre-acquisition quality data for assets acquired from Transpower. Please provide audited datasets for each disclosure year from 2007–2014 for planned and unplanned outages caused by a fault resulting from the acquired asset; and, if available, datasets for disclosure years 2005 - 2006. These datasets must include, to the extent that information is available, for each interruption:

- (i) Start date
- (ii) Customers interrupted
- (iii) Customer minutes
- (iv) Planned or unplanned
- (v) The SAIDI and SAIFI values for the interruption
- (vi) Cause
- (vii) Name of asset
- (viii) Whether the interruption is recorded in the response to the s53ZD data request dated 12 March 2012 (Yes/No)

### Guidance

<sup>1</sup> Class B and C outages as defined in in clause 1.4.3 of the Information Disclosure Determination 2012.

### Explanatory Note

We require this data for the following reasons:

- This information will enable us to improve the model used to derive distributors' quality targets, caps, and collars; and
- It will help with improving our approach to updating quality targets following any future spur asset transfers.



**Form of Certification – Schedule A and Schedule B**

We, ROBERT TAIT and JOHN MCDONALD, being directors of Horizon Energy Distribution Limited (Horizon Energy) certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached information complies with the Commerce Commission's requirements in respect of the request for information, which was issued by notice in writing to Horizon Energy under section 53ZD of the Commerce Act 1986 on 13 August 2014.

Dated: 2 day of September 2014



.....  
ROBERT TAIT



.....  
JOHN MCDONALD